The Indian Basket of crude oil touched an all-time high of US$ 57.27/bbl on 8-7-2005. Against the average Indian Crude Basket price of US$27.96/ bbl during 2003-04 and US$39.21 during 2004-05, the average for June 2005 was US$52.75/bbl.

With a view to containing the burden of the increase in international prices on consumers of sensitive petroleum products, if was decided that the burden should be equitably shared by consumers, the Government and Oil Companies. Government for its part, reduced the excise duty on petrol and diesel by 4% and 3% respectively effective 16.6.2004 and, effective 19.8.2004, the excise duty on petrol and diesel was further reduced by 3%. Government also reduced customs duty by 5% each on petrol and diesel with effect from 19.8.2004. In the Budget 2005-06, customs duty on crude was reduced from 10% to 5%, on kerosene and LPG from 5% to nil and on other petrleum products from 15-20% to 10%.

The Oil Marketing Companies (OMC), in accordance with administrative instructions, have been modulating impact of high oil prices on domestic retail prices of sensitive products, namely, PDS Kerosene, Domestic LPG, Petrol and Diesel. The prices of kerosene have remained unchanged since March 2002 and of Domestic LPG since November 2004. On 20 June 2005, petrol and diesel retail prices were raised by Rs. 2.50 and Rs. 2.00 per litre respectively.

Gas discoveries in the Bay of Bengal

188. SHRI MURLI DEORA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the recent Gas discoveries in the Bay of Bengal in the offshore blocks have created a buzz in the oil and gas market;

(b) whether geologists project that these gas reserves on the East Coast would surpass the gas reserves on South Coast; and

(c) if so, the details thereof and the reaction of Government thereon?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) Recently, gas has been found by Gujarat State Petroleum Corporation Ltd. (GSPC). during testing of exploration well KG#8 in the block KG-OSN-2001/3 awarded under the third round of

the New Exploration Licensing Policy (NELP-III). The Gas Production rate during testing was in the range of 5 to 8 Million Metric Standard Cubic Feet Per Day (MMSCFD) with different bean sizes. This block is adjacent to deepwater block KG-DWN-98/3, where the largest discovery of gas for the year 2002 was found by Reliance Industries Ltd. (RIL). The recent discovery has been made at a different stratigraphic level. In addition, Oil and Natural Gas Corporation Ltd. (ONGC) during the first quarter of 2005-06, has struck gas in the well GS-15-9- in the shallow waters of the Krishna-Godavari offshore basin.

While these discoveries augur well for the country, it is too early toestimate reserves in GSPC's discovery as only one object out of four has been tested so far. Estimation of gas in-place reserve can be made only after the completion of production testing, calibration of 3D seismic data with the drilled well data, and detailed expert analysis of the geophysical and geological data acquired in the block.

Purchase agreement with Iran for LNG supply

189. SHRI MURLI DEORA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India and Iran has signed the Sales Purchase Agreement for LNG supplies;

(b) if so, the details thereof and the areas where this gas will be utilized;

(c) whether Iran has also exploration blocks for OVL and IOC plans to set up LNG plants and Petro Chemical Companies there; and

(d) if so, the details thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) The Sale Purchase Agreement (SPA) for the import of 5 MMTPA of LNG from Iran was signed in the presence of the Petroleum Ministers of the two countries between GAIL/IOC/BPCL and National Iranian Gas Export Company Limited (NIGEC) on 13 June 2005 in Tehran. The contract is for a period of 25 years beginning from the last quarter of 2009. The regassified LNG would be used to partially meet the burgeoning demand for gas in the country.